

Press Release

WebMD Achieves Milestone in HIPAA Transition

Healthcare EDI Leader Beats Medicare July 1 Deadline for Submitting Claims in HIPAA Format, Ensuring Customers Receive Payments on Medicare's Fastest Reimbursement Schedule

Elmwood Park, NJ (May 7, 2004) - WebMD Corporation (NASDAQ: HLTH) today announced that all Medicare claims and electronic remittance advice (ERA) transactions it conducts are in HIPAA format, well in advance of the July 1, 2004 deadline set by the Center for Medicare and Medicaid Services (CMS). By contrast, CMS recently stated that only 78 percent of the Medicare transactions it receives industry-wide are in a HIPAA-compliant format.

According to CMS, providers submitting electronic Medicare claims in formats that are not HIPAA-compliant after July 1 will be reimbursed as though the claim had been submitted on paper. According to the guidelines, paper claims will not be paid earlier than the 27th day after CMS receives the claim, while electronic claims in the correct format will be paid as early as the 14th day after CMS receives the claim. The July 1 deadline applies to all electronic claims, including those submitted in a pre-HIPAA format under a Medicare contingency plan.

Because WebMD is already sending HIPAA-formatted claims to Medicare, providers using WebMD services will continue to be reimbursed on the faster electronic claims schedule after the July 1 deadline. This includes customers of the Company's software and services division, WebMD Practice Services, who are using the All-Payer Electronic Data Interchange (EDI) services provided by WebMD Envoy.

"We are proud to lead the industry by assisting our provider and payer customers to realize the benefits of HIPAA," said Tony Holcombe, President, WebMD Envoy. "As the transition to HIPAA continues, we are committed to developing new services and processes that help our customers comply with these evolving industry standards, enabling them to operate more efficiently and effectively, improving the healthcare system overall."

Leading in HIPAA

WebMD Envoy is the leader in payer and healthcare provider transaction processing and reimbursement cycle management services. The Company operates by far the largest electronic transactions clearinghouse in the United States, annually processing more than two billion transactions for more than 200,000 physicians and 5,000 hospitals with more than 1,200 commercial and government healthcare payers.

WebMD leads the industry in submitting claims in the HIPAA standard format. All of the claims and ERA transactions WebMD conducts with Medicare payers are in the HIPAA standard format. More than 90percent of the claims WebMD sends to Blue Cross Blue Shield, Medicaid and Medicare payers combined are in HIPAA standard format.

In addition, WebMD is among the first companies to leverage the ANSI Standard 997 acknowledgement transaction with over 90% of HIPAA-ready Blue Cross Blue Shield, Medicaid and Medicare payers nationwide. The 997 acknowledgement message allows for a payer to confirm to a submitter that the payer has accepted the claims for processing. WebMD is utilizing this standard to deliver Automated Transaction Monitoring and Confirmation services to its EDI customers.

Automated Transaction Monitoring and Confirmation services employ a Confirmed Delivery Team to continuously track transactions such as claims, reports and Electronic Remittance Advice (ERA) on behalf of providers. Leveraging HIPAA standards and automated systems, the team tracks: when a claim is submitted to a payer; when a payer acknowledges receiving a claim; and when a payer accepts or rejects a claim.

In addition, WebMD Envoy continues to work closely with payers to evolve systems that are tolerant of the different interpretations of the HIPAA standard that exist within the industry. This will be increasingly important to buffer providers from the ongoing changes that Medicare and other payers will continue to make to their systems.

About WebMD

WebMD Corporation provides services that help physicians, consumers, providers and health plans navigate the complexity of the healthcare system. Our products and services streamline administrative and clinical processes, promote efficiency and reduce costs by facilitating information exchange, communication, and electronic transactions among healthcare participants.

WebMD Health is a leading provider of online information, educational services and communities for physicians and consumers. WebMD Practice Services is a leading provider of physician practice management and electronic medical records software and related services. WebMD Envoy is a leader in payer and healthcare provider transaction processing and reimbursement cycle management services. Porex is a developer, manufacturer and distributor of proprietary porous and solid plastic products and components used in healthcare, industrial and consumer applications.

All statements contained in this press release, other than statements of historical fact, are forward-looking statements. These statements are based on WebMD's current plans and expectations and involve risks and uncertainties, including those described in our SEC filings.